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TELEGRAM

Pet 6 Libya
Pet 3 OPEC
006515

INDICATE:
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☐ CHARGE TO

DEPARTMENT OF STATE, A/CDC/MR
REVIEWED BY CJ DATE 6/19/81
RDS☐ or XDS☐ EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☑ RELEASABLE☑
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ACTION: Amembassy TRIPOLI IMMEDIATE

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Ref: Tripoli 076

1. Pursuant your request reftel, we forward, for your information only, text of oil industry message to OPEC. Priority septel follows with instructions for action all OPEC capitals following delivery this statement to host countries by industry reps.

2. Text follows. Quote:

Message to OPEC:

A. We, the undersigned, represent the following groups of oil companies and their subsidiaries operating in Member Countries of OPEC.

We wish to place before OPEC and its Member Countries the following proposal --

B. The continuous series of claims which have been, and are being, made by individual Member Countries of OPEC have been causing us great concern. We believe

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AF/N:RSSuddarth:nf	1/14/71	21774	AF/N - Mr. Suddarth

CLEARANCES:
E/FSE - Mr. Clark

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that it is in the long term interest of both producing countries and consuming countries alike, as well as that of the oil companies, that there should be stability in the financial arrangements with producing governments ~~generally~~. For this reason, we have concluded that we cannot further negotiate the development of claims by Member Countries of OPEC on any other basis than one which reaches a settlement simultaneously with all producing governments concerned.

C. It is therefore our proposal that an all-embracing negotiation should be commenced between representatives of ourselves, together with such other oil companies as wish to be associated with this proposal, on the one hand, and OPEC as representing all its Members Countries on the other hand, under which an overall and durable settlement would be reached.

D. With a view to insuring the stability and mutual respect of contractual arrangements and to

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demonstrate our genuine desire to achieve such a settlement we are for our part prepared now to offer, in good faith and in furtherance of our mutual interest albeit in general terms, the broad lines of a settlement which we would envisage. This would contain:

1. A revision to the posted price of all crudes in all Member Countries of OPEC and with the proposal that the new levels should be subject to a moderate annual adjustment against the yardstick of "world-wide inflation" or similar criterion.

2. A further temporary transportation adjustment for Libyan crudes, with appropriate adjustments for other "short haul" crudes, such adjustments to vary both up and down by reference to a freight escalator.

3. No further increase in the tax rate percentage beyond current rates, no retroactive payments and no new obligatory reinvestment.

4. Foregoing all to be firm for a period of

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five years from the date of settlement, after which the foregoing terms would be subject to review.

E. We invite the reaction of OPEC and its Member Countries to these proposals as soon as possible. If favorable as a basis for negotiation, the detailed implementation of these proposals will of course clearly require considerable thought on OPEC's part as well as upon ours, but we would ask that OPEC consider them and advise us of the precise terms that each and every one of its Member Countries would be prepared to accept. A team representing ourselves, and such other oil companies as may wish to associate themselves with this proposal, would be then prepared to meet with OPEC whenever and wherever OPEC would so wish.

F. Pending receipt of a reply to this proposal, OPEC will, we feel sure, appreciate that for our part we are not able to conclude negotiations with individual Member Countries and we trust OPEC's Member

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Countries will agree that negotiations now being requested by them should accordingly for the time being be postponed. We would appreciate confirmation that this is the case.

G. In the interest of speed we are conveying this message to all Member Countries of OPEC. For the sake of the record we also feel it right to make this proposal public knowledge promptly, since we believe it should satisfy the legitimate aspirations of OPEC's Member Countries. We are naturally simultaneously advising other oil companies operating in Member Countries of OPEC of the terms of this proposal ~~xxx~~ and inviting them to associate themselves with it if they so wish, and suggesting that should they decide to do so they should themselves notify OPEC and relevant Member Countries accordingly.

H. We would advise that any reply to this proposal may be made to either of the following companies, ~~xxxxxx British Petroleum~~

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British Petroleum or Standard Oil of New Jersey, who will undertake to circulate such reply to the remainder of us as well as to all other oil companies who signify their desire to be associated with the proposal.

Signed:

British Petroleum Co., Ltd.; Gulf Oil Corporation; Mobil Oil Corporation; Shell Petroleum Company Limited; Shell Petroleum Mij., N.V.; Standard Oil Company of California; Standard Oil Company (New Jersey); Texaco, Inc. Unquote

GP-4

END

ROGERS

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